



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2017 Biennium

Bill #	HB0555	Title:	Generally revise laws related to volunteer firefighters
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Primary Sponsor:	Fitzpatrick, Steve	Status:	As Introduced
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Retirement Systems Affected: ☐ Teachers ☐ Public Employees ☐ Highway Patrol ☐ Police
☐ Sheriffs ☐ Firefighters ☒ Volunteer Firefighters ☐ Game Wardens ☐ Judges

Check the box if "Yes".

- ☐ Has this legislation been reviewed by the legislative interim committee?
- ☐ Has the cost of this legislation been calculated by the system's actuary?
- ☐ Does this legislation include full funding for any benefit revisions?

	July 1, 2014 Current System	July 1, 2014 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$37,975,358	\$37,975,358	\$0
Present Value of Actuarial Assets	\$31,280,828	\$31,280,828	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$6,694,530	\$6,694,530	\$0
Amortization Period (years) of UAAL	5.10	5.10	0.00
Change in normal costs	\$ 184,657.00	\$ 184,657.00	\$0

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other - VFCA Trust	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other - VFCA Trust	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 555 proposes to increase allowable payments to volunteer firefighters from \$300 to \$3000. This bill has no fiscal impact to the state.

FISCAL ANALYSIS**Assumptions:**

1. The VFCA is fully funded by the State of Montana by general fund contributions from the insurance premium taxes.
2. This bill will not impact the funding from the State of Montana.
3. This bill will not have a fiscal impact to the retirement system.

Technical Notes:

1. The 2011 Legislature, as part of MPERA-proposed revisions to the VFCA, adopted 19-17-110 defining “allowable payments” to include (1) money reimbursed for documented expenses; and (2) an allowance, including stipends or per diem, not to exceed \$300 a year.
2. Compensation or reimbursement for performing volunteer firefighter duties is not an allowable payment pursuant to 19-17-110(2) and 19-17-102(6).
3. The \$300 limit applies to an allowance, not to reimbursement of documented expenses.
4. The \$300 limit for an allowance was agreed to during discussions between MPERA, volunteer firefighter representatives and others during the 2010 interim
5. The \$300 limit for an allowance was agreed upon based on the \$300 earnings limit for part-time firefighters covered by the Firefighters’ Unified Retirement System.
6. Internal Revenue Code relevant to this plan allows the reimbursement of reasonable expenses and the payment of reasonable benefits and nominal fees customary to the performance of firefighter services.
7. The Department of Labor (DOL) presumes that a fee is nominal if it does not exceed 20 percent of compensation paid to a full-time employee for the same services, and the \$3,000 is within the DOL’s parameters.

*Sponsor’s Initials*_____
*Date*_____
*Budget Director’s Initials*_____
Date